

NOTICE OF INTENT TO CONDUCT MINOR COAL EXPLORATION

CANYON FUEL FEE COAL LEASE
WINTER QUARTERS CANYON
2007

ARK LAND COMPANY
A Subsidiary of Arch Coal Inc.

JULY 2007

File in:

☐ Confidential

☒ Shelf

☐ Expandable

Refer to Record No 0050 Date 7/26/07
In C/007/005, 2007, Incoming
For additional information

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change ☐ New Permit ☐ Renewal ☐ Exploration ☒ Bond Release ☐ Transfer ☐

Permittee: Canyon Fuel Company, LLC

Mine: SKYLINE

Permit Number: C/007/005

Title: NOTICE OF INTENT TO CONDUCT MINOR COAL EXPLORATION -- CANYON FUEL FEE COAL LEASE WINTER QUARTERS CANYON, 2007

Description, Include reason for application and timing required to implement:

ONE HELICOPTER-SUPPORTED COAL EXPLORATION BOREHOLE TO BE DRILLED END-AUGUST, 2007

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ <input type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO# _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. Does the application include operations in hydrologic basins other than as currently approved? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. Does the application require or include public notice publication? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? NOV # _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies? |
| Explain: _____ | |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2) |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 15. Does the application require or include soil removal, storage or placement? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 19. Does the application require or include certified designs, maps or calculation? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 21. Have reclamation costs for bonding been provided? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? |

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Mark Bunnell
Print Name

Mark Bunnell Geologist 7-26-07
Sign Name, Position, Date

Subscribed and sworn to before me this 26th day of July, 2007

Kathleen Atwood
Notary Public

My commission Expires:

Attest: State of Utah) ss:
County of Carbon



For Office Use Only:	Assigned Tracking Number:	Received by Oil, Gas & Mining RECEIVED JUL 31 2007 DIV. OF OIL, GAS & MINING
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Form DOGM- C1 (Revised March 12, 2002)

APPLICATION FOR COAL PERMIT PROCESSING

Detailed Schedule Of Changes to the Mining And Reclamation Plan

Permittee: Canyon Fuel Company, LLC

Mine: SKYLINE

Permit Number: C/007/005

Title: NOTICE OF INTENT TO CONDUCT MINOR COAL EXPLORATION--CANYON FUEL FEE COAL LEASE WINTER QUARTERS CANYON, 2007

Provide a detailed listing of all changes to the Mining and Reclamation Plan, which is required as a result of this proposed permit application. Individually list all maps and drawings that are added, replaced, or removed from the plan. Include changes to the table of contents, section of the plan, or other information as needed to specifically locate, identify and revise the existing Mining and Reclamation Plan. Include page, section and drawing number as part of the description.

DESCRIPTION OF MAP, TEXT, OR MATERIAL TO BE CHANGED

Document: Notice of Intent to Conduct Minor Coal Exploration -- Canyon Fuel Fee Coal Lease Winter Quarters Canyon, 2007

[illegible]

Any other specific or special instruction required for insertion of this proposal into the Mining and Reclamation Plan.

Received by Oil, Gas & Mining

RECEIVED

JUL 31 2007

DIV. OF OIL, GAS & MINES

**NOTICE OF INTENT TO CONDUCT
MINOR COAL EXPLORATION**

**CANYON FUEL FEE COAL LEASE
WINTER QUARTERS CANYON
2007**

ARK LAND COMPANY
A Subsidiary of Arch Coal Inc.

JULY 2007

INTRODUCTION

Ark Land Company (a subsidiary of Arch Coal Inc.) is submitting this Notice of Intent to Conduct Minor Coal Exploration on behalf of Canyon Fuel Company, LLC – Skyline Mine to the Utah Division of Oil, Gas, and Mining (UDOGM) in order to obtain approval to conduct coal exploration and reclamation activities in the summer of 2007. The type of exploration proposed is wireline core drilling. One hole will be drilled on fee land belonging to the Allred Family Trust. The hole is located within a fee coal lease belonging to Canyon Fuel Company. Actual drilling activities will occur on private land although helicopter support for the drill rig will be staged from US Forest Service land to the west. This application is formatted to address the specific requirements of R645-201-200. Other related information is given in Appendix A through D. Five copies of this notice are submitted.

R645-201 Coal Exploration: Requirements for Exploration Approval

The proposed exploration plan qualifies as minor exploration as described in the State of Utah Coal Mining Rules R645 section R645-201-200.

R645-201-221

The name, address and telephone number of the applicant are:

Ark Land Company
C/o Skyline Mine
HC 35 Box 380
Helper, Utah 84526 (work) 435-448-2633

The applicant is the same as the operator of the proposed exploration plan.
Correspondence regarding this exploration plan should be addressed to:

Mark Bunnell
Ark Land Company
C/o Skyline Mine
HC 35 Box 380
Helper, Utah 84526 (work) 435-448-2633

R645-201-222

The name, address and telephone number of the representative of the applicant who will be present during and be responsible for conducting the exploration is:

Mark Bunnell
Ark Land Company
C/o Skyline Mine
HC 35 Box 380
Helper, Utah 84526
(work) 435-448-2633 (home) 435-637-6690

At times a consulting geologist may act as representative of the applicant. The UDOGM and USFS will be notified of the consulting geologist's name and address if one is used.

R645-201-223

The exploration area is generally located in central Utah 2.5 miles west of Scofield (Map 1). The legal description of the Canyon Fuel Company fee coal lease is as follows:

T. 12 S., R 6 E., Salt Lake Base and Meridian
Sec. 24, E1/2, E1/4
Sec. 25, E1/2, E1/2
Sec. 36, N1/2, N1/2; S1/2, S1/2

T.12 S., R. 7 E., Salt Lake Base and Meridian
Sec. 30, SW1/4
Sec. 31, NW1/4, NW1/4; SW1/4,SW1/4

T.13S., R. 6 E., Salt Lake Base and Meridian
Sec. 1, W1/2
Sec. 12, NW1/4, NW1/4; SW1/4, SW1/4

Containing 1,200 acres more or less

The lease is entirely located in Carbon County, Utah. The lease document is included in Appendix D. Map 2 shows the proposed borehole (C-07) location and the helicopter staging location which is permitted under an approved Federal Exploration Plan. Site C-07 is located on private surface land belonging to the Allred Family Trust. The surface access and use agreement is included in Appendix C.

The proposed exploration area is located in Winter Quarters Canyon (Map 2). The area lies within the Wasatch Plateau physiographic province. Winter Quarters Canyon drains eastward into Mud Creek just south of the town of Scofield. Topography in the area is mountainous with narrow east-west trending ridges and deep canyons. Elevation ranges from approximately 8000 ft. to 8800 ft.

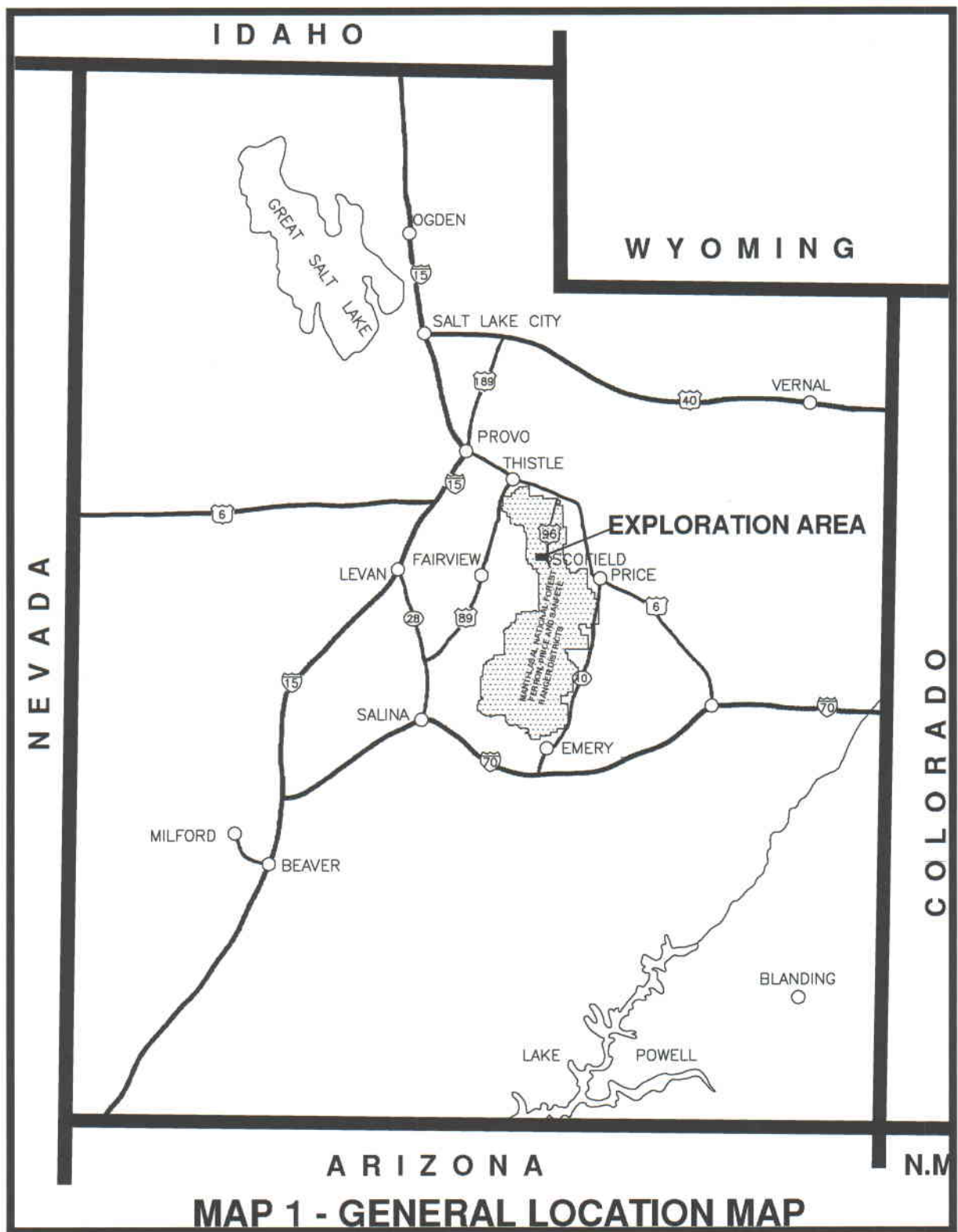
The exploration area is underlain by sedimentary rocks of late Cretaceous age. Two formations crop out in the area including the coal-bearing Blackhawk Formation and the overlying Price River Formation. At least two potentially mineable coal seams occur in the area including the Lower O'Connor A seam and the Flat Canyon (also called Woods Canyon) seam.

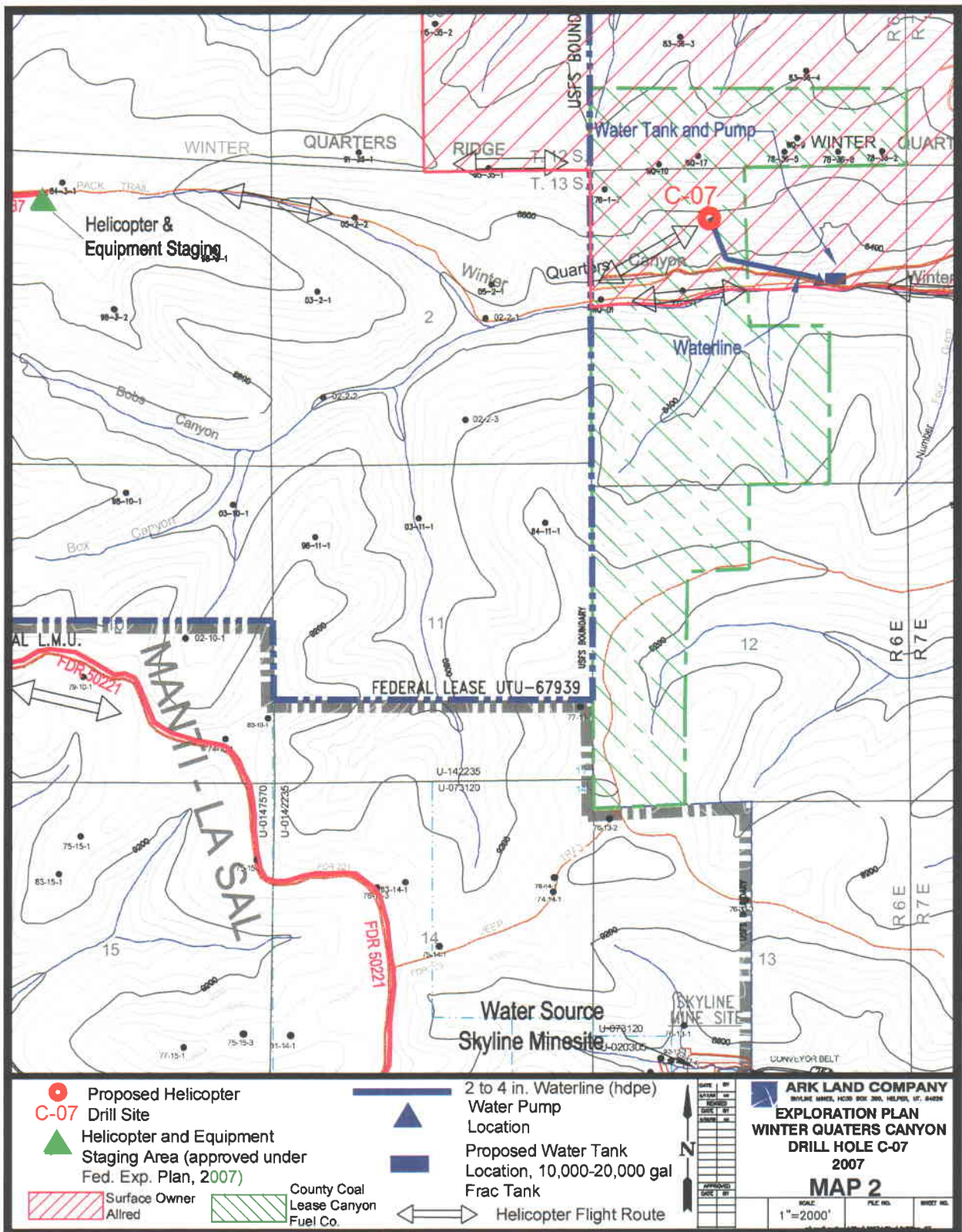
Strata in the area dip uniformly from 2 to 8 degrees west-northwest. Several faults have been identified in the area. A number of igneous dike zones also exist in the exploration area.

Rock types are predominantly sandstones, siltstones, shale and coal.

Vegetation in the exploration area occurs in the Mountain Brush and White Fir/Spruce

plant communities. Winters Canyon Creek supports game fish. The exploration area is important habitat for raptors, elk, mule deer, cougar, bobcat, black bear, and small mammals. The area is habitat for a limited number of reptiles and amphibians. Drill hole C-07 is located on a south-facing sagebrush-covered slope.





Map 2: Proposed exploration plan map.

R645-201-225

Threatened, endangered, or special interest species in the exploration area include the goshawk, sage grouse, bald eagle and peregrine falcon. Exploration and reclamation activities will not occur within one half mile of known breeding and nesting areas during breeding or nesting periods. Information concerning threatened and endangered species is included in the Winter Quarters Tract EIS as well as the approved Skyline Mine mining and reclamation plan. In addition, the U.S. Forest Service has completed numerous wildlife and BEBA analyses of the Woods Canyon/Winter Quarters Canyon area for exploration plans over the past 20 years. Appendix A (confidential file) contains the 2005 BEBA and Wildlife Resources reports for the area. Also included in Appendix A is a Northern Goshawk and Elk Survey conducted by Maxim Technologies in the June of 2007. Their survey, although focused on two proposed drill hole locations on US Forest Service land to the west, also covers the area of the proposed hole location in Winter Quarters Canyon. No Mexican Spotted owls are known to occur in the area.

There are no known districts, sites, buildings, structures, or objects listed on, or eligible for listing on, the National Register of Historic Places within ½ mile of the proposed exploration area. There are known archeological resources located in Winter Quarters Canyon to the east, but none are within ½ mile of the proposed drillsite. Numerous cultural resource evaluations of previous exploratory drilling locations in the Winter Quarters Canyon, Woods Canyon, and Granger Ridge area have been completed in recent years. Appendix B (Confidential File) is a site-specific cultural resource evaluation for location C-07 (Earth Touch Cultural Resource Rpt. No. 07-15).

R645-201-224

A timetable for exploration related activities is given below. It is anticipated that exploration activities will start on approx. Aug. 27, 2007. This timetable may vary somewhat depending on factors such as weather.

EVENT	WEEK 1	WEEK 2
Set pump, frac tank and run water line to site		
Move drill equipment to site and drilling		
Reclaim any disturbance, remove frac tank, water line		

R645-201-225

The general method to be followed during drill hole exploration, reclamation, and abandonment is: 1) fly drilling equipment to drill site, 2) prepare drill site as shown on Fig. 1, 3) set temporary water tanks, pumps, and water lines, 4) drill and log hole, and 5) reclaim drill site and remove waterline, tank, and pump. No road building will occur and

no blasting will be done for road building or repair. Access to the drillsite will be accomplished along the existing road in Winter Quarters Canyon and on foot, horseback, or via helicopter.

Drilling will be accomplished utilizing continuous core drilling techniques. Drilling will involve one heliportable core rig capable of drilling 2000 ft. with necessary support equipment such as rod trays, supply trailers, portable water tanks, fuel tanks, etc. The drilling procedure will be to plug drill to core depth or continuously core to total depth utilizing water, foam, polymer, and/or mud as drilling medium.

To eliminate the need for road and drillpad construction, the planned drilling method is helicopter-supported continuous wireline core drilling. Exploration equipment for the drilling phase will include 1 heli-portable skid-mounted core drilling rig together with all necessary heli-portable equipment such as drill rod trays, mud tanks, water tanks, water pump, etc.

Core drilling will involve one skid-mounted 1800 ft rated core drill, one or two 1000 gal. poly water tanks at the drill rig, two water trough-type mudtanks, and 4 to 6 drill rod trays. Other support equipment will include 4000 gallon water trucks to supply an 18,000 gal. frac tank located in Winter Quarters Canyon (Map 2), two to three supply trailers parked at the Winter Quarters Canyon tank/pump area, up to 6 pick-up trucks, and a geophysical logging truck. The drilling procedure for the exploration hole will be to plug drill to core depth or continuously core to total depth. One hundred to 200 ft. of surface casing will be set in each hole depending on the hole conditions. Water will be hauled from Skyline Mine to the Winter Quarters tank/pump area. Fifth-wheel supply trailers or transport trailers will carry the heli-portable equipment, including drills, drill steels, coring equipment, drilling additives, cutting and welding equipment, and other supplies to the main helicopter staging area located on Winter Quarters Ridge to west. The Winter Quarters Ridge staging area (located on USFS land) is already permitted under an approved Federal Exploration Plan. One pick-up truck will be used for each drill rig by the drillers to carry personnel, fuel, and supplies and two to three pickup trucks will be used by the dirt contractor. The logging contractor will use a single axle 1 ton rated truck. The company representative and geological consultant will also use pick-up trucks for transportation.

Water for drilling and road watering will be hauled from Skyline Mine (location shown on Map 2) into an 18,000 gal. frac tank located along the road in Winter Quarters Canyon (Map 2). A Triplex pump or equivalent will be located at the tank site for pumping water to the drill site. The pumps will be underlain by pitliner or brattice. Water will be pumped via 1, 2, and 3 inch HDPE waterline. An approved Temporary Water Change from the Division of Water Rights is in place and included in Appendix E. Where not located adjacent to an existing road, waterline will be placed and removed via horseback, helicopter, or on foot.

The only coal to be removed during exploration activities will be cores. Cores will nominally be 1.4 inches (BQ) in diameter. Given an approximate projected thickness of 9 ft. for the Lower O'Connor A seam and 8 ft. for the Flat Canyon (Woods Canyon) seam, approximately 25 lbs. of coal will be removed.

No temporary road construction is planned for this project

Regulations cited in R645-202-232 relative to roads will be followed as they apply. No road construction is planned. Disturbance to wildlife will be minimized by utilizing the existing trails and eliminating the need to build roads with heavy equipment. No wetlands or riparian are known along the proposed routes. No utility or support facilities are present in the area.

Reclamation will occur as soon as possible upon completion of drilling operations. Reclamation will include filling in any hand excavations and reseeding the disturbed surface with the approved seed mix. No damage to public or private property will occur.

The drill location will be setup approximately as shown on Figure 1. Earth excavation for the drill site will be minimal using hand tools only. Some minor leveling for placement of wood crib blocking for leveling of drill may be required. Minor amounts of topsoil that may be removed will be stored and replaced upon completion of drilling. No mud pits will be excavated. Portable mudtanks will be utilized. Cuttings will be stored and hauled away to the Skyline Mine waste rock site by helicopter or truck upon completion of drilling.

Reclamation is an integral part of the exploration activities and will progress as contemporaneously as practical with the other exploration activities. Upon completion of the hole, all hand excavations will be filled in to original contour, topsoil replaced, all equipment will be removed, and all trash will be hauled away. An approved seed mix will then be applied to the drill area.

There will be no diversion of overland flows.

It is not anticipated that acid- or toxic- forming materials will be encountered during exploration because none have been encountered previously. Samples of drill core will be analyzed for acid- and toxic-forming materials. These samples will be taken from the 10 ft. interval above and below each seam of minable thickness.

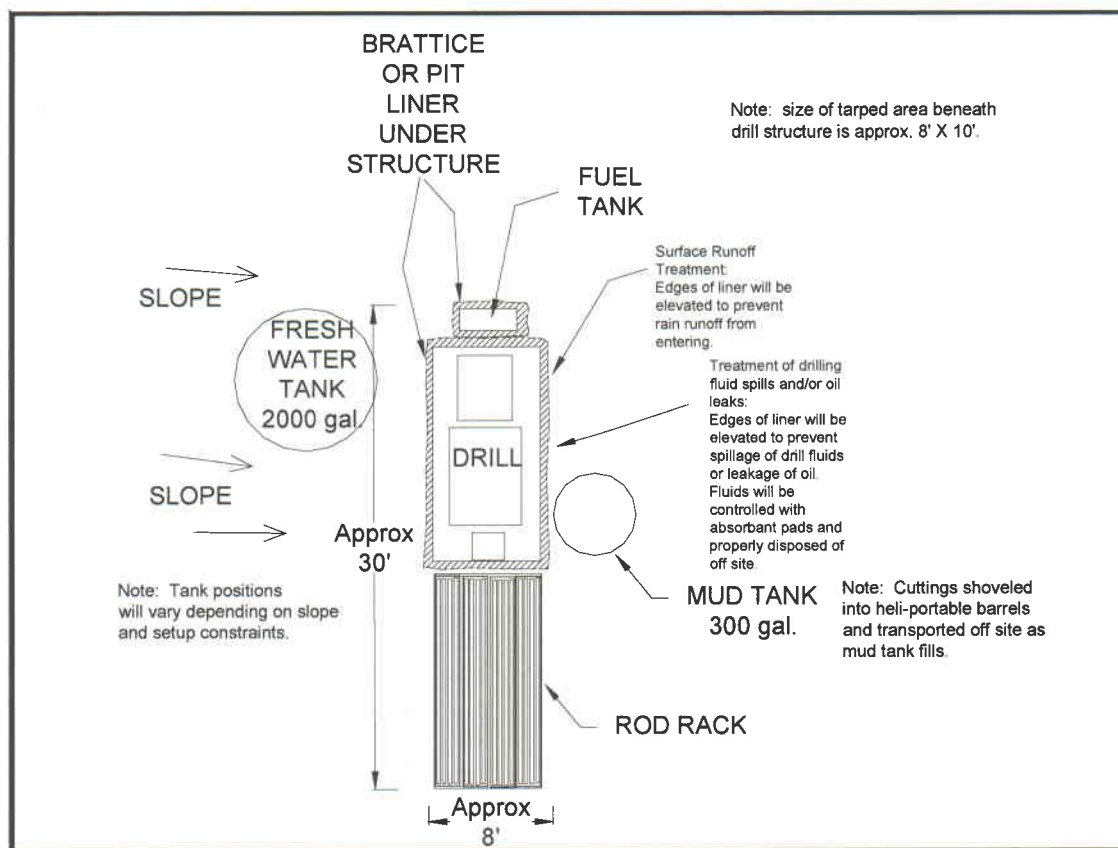


Figure 1. Typical heli-portable drillsite setup.

The method of revegetation is intended to encourage prompt revegetation and recovery of a diverse, effective, and permanent vegetative cover. The following seed mix was prescribed by the U.S. Forest Service for the reclamation of 2006 Granger Ridge and Winter Quarters/Woods Canyon drill holes and will be also used in 2007 (the seed mix as approved by UDOGM will be utilized):

Seed Mix

		<u>Pounds PLS/acre</u>
Western Wheatgrass	<i>Elymus smithii</i>	2
Basin Wild Ryegrass	<i>Elymus cinereus</i>	1
Intermediate Wheatgrass	<i>Elymus hispidus</i>	2
Paiute Orchardgrass	<i>Dactylis glomeratus</i>	2
Slender Wheatgrass	<i>Elymus trachycaulum</i>	2
Mountain Brome	<i>Bromus carinatus</i>	2
Perennial Ryegrass	<i>Lolium prene</i>	1
Blue Leaf Aster	<i>Aster glaucodes</i>	1
Lewis Flax	<i>Linum lewisii</i>	0.5
Small Burnet	<i>Sanguisorbia minor</i>	1
TOTAL		14.50

The pure live seed (PLS) rating will be 99% containing a maximum of 1% weeds, none of which are toxic and only seed meeting the State Seed Act will be used. Certification tags will be retained by the permittee. The vegetative cover resulting from this seed mix is considered capable of stabilizing the soil surface from erosion.

Map 2 shows the location of the proposed drill site, equipment staging area, and water tank/pump location. Equipment access to the exploration area will be via FDR 53137 to the tank/pump location and staging area/landing zone location. The staging area/landing zone location is already permitted for an existing Federal Exploration Plan which is occurring concurrently with this project.

Upon completion of drilling, the holes will be plugged and abandoned with a cement, bentonite, or cement/bentonite slurry to full depth. A brass tag will be placed at the top of the drill hole stating the operator's name, drill hole number, and legal description. The tag will be placed in cement at ground level.

The main drill hole diameter will be nominally 2.4 inch diameter. Approximately 100 to 200 ft. of surface casing (3 inch) will be set. Estimated depth and other drill hole information is given in the following table. Disturbed area will include minor hand excavation on the drillsite. Total disturbed area acreage is estimated at 0.003 acres (10' X 12', hand excavation only)

Drill Site	Location	Total Depth (ft)	Disturbed Area (acres)
Site C-07	NE, NW, 1, T13S, R6E	900	0.003
		TOTAL	0.003

There are no occupied dwellings or pipelines located in the exploration area. No trenches will be dug and no structures will be constructed nor debris disposed of in the exploration area. The permittee or his representative will have a copy of this Notice of Intention To Conduct Minor Coal Exploration while in the exploration area available for review by an authorized representative of the Division by request.

R645-203-200

Ark Land Company requests that the Division not make any drilling information available for public inspection relative to coal seam thickness or quality. This information is considered crucial to Ark Land's competitive rights.

R645-202.230

No adverse impacts to stream channels will occur during water pumping or drilling activities. An approved "Temporary Change of Water" is in place with the Division of Water Rights (Appendix E). It is projected that approx. 0.6 acre/ft. of water will be utilized during the project.

R645-202-231

A site specific cultural resource survey has been conducted for site C-07. A copy of the cultural resource survey is included in Appendix B (confidential). Threatened, endangered, and sensitive plant and animal survey information has been developed by the U.S.F.S. and Maxim Technologies during their work relative to Canyon Fuel/Ark Land's 2005 Exploration License and Plan approvals and analysis work for the current year plan approvals (Appendix A, confidential). No nests were observed during those surveys in the area of C-07.

TES protection measures include the use of Heli-portable water pumping equipment which will minimize surface disturbance as well as use of drilling equipment that will not require road construction. Pumping of most or all project water through waterlines will minimize water truck traffic on permanent roads.

R645-202-232

No new road construction is planned for this project.

R645-202-235 (R645-301-624.210, R645-301-731.121, R645-301-731.215))

Geologic logs of drilling will be kept. Any appreciable water encountered during drilling will be logged, noting depth, geology, and estimated flow. Any such zones will be evaluated for potential water monitoring.

Figure 1 shows a drawing of the approximate drillsite setup.

If the drill hole begins to make excess water, such water will be pumped from the mudtank to a larger 18,000 gal. frac tank at the staging area. From there it will be hauled to an approved waste water disposal site. At no time will excess drill water generated in the drill hole be allowed to run on topsoil on the surface.

R645-301-525-200

No major utilities pass over, under, or through the exploration area. Use of roads and development of the exploration site will not disrupt or damage any utility service.

R645-301-527.230

U.S. Forest system roads utilized as part of this minor coal exploration plan will be maintained as per U.S.F.S. authorized road use permit, including proper control of fugitive dust to minimize effects to fish, wildlife, and related environmental values. An approved road use permit is in place.

R645-301-731.100

An approved Temporary Change of Water for water to be used in the drilling process is in place.

R645-301-742.410 thru 742.420

Minimal surface disturbance will be required for the drilling project. Disturbance will be limited to the drillsite. No changes will occur to drainage patterns. As shown on Figure 1, the drill will be setup such the the underlying pit liner or brattice material will not allow water runoff to the surrounding soils. Water that collects in the brattice or pit liner

will be pumped or drained to the mudtank. No perennial or intermittent stream drainages will be crossed. Excess water will be removed and placed in the drill water tank for use in the drilling process or hauled to an approved waste water disposal site. Contributions of suspended solids will not occur.

The potential for water pollution will be minimized by keeping pollutants away from the drill hole and in their containers. Materials used during drilling operations will be selected to be as non-polluting as possible. All spills of polluting materials will be removed from the area and properly disposed of.

No mixing of surface and ground waters is possible because all drill sites will be above perennial and ephemeral stream drainages.

Drill fluids and/or cuttings will be contained within mudtanks. If necessary, excess fluids will be pumped out and excess drill cuttings and core will be hauled off and disposed of properly.

Skyline Mine and Ark Land Company will retain all drill and geophysical logs.

APPENDIX A

(CONFIDENTIAL FILE)

2005 USFS BEBA REPORT

2005 WILDLIFE RESOURCES REPORT

2007 NORTHERN GOSHAWK/ELK SURVEY

**APPENDIX B
(CONFIDENTIAL FILE)**

**SITE SPECIFIC CULTURAL RESOURCE
INVENTORY
EARTHTOUCH RPT. 07-15**

APPENDIX C

ALLRED FAMILY TRUST SURFACE ACCESS AND USE AGREEMENT

SURFACE ACCESS AND USE AGREEMENT

This SURFACE ACCESS AND USE AGREEMENT ("Surface Agreement"), dated effective as of July __, 2005 ("Effective Date"), is by and between **Allred Family Trust**, by its Trustees ("Owner"), C/O Phil Allred, whose address is P.O. Box 96, Fountain Green, Utah 84632, and **Ark Land Company**, a Delaware corporation ("Ark"), whose business address is One Cityplace Drive, Suite 300, St. Louis, Missouri 63141.

WHEREAS, Owner owns all or part of the surface estate in and to the following described lands located in Carbon County, Utah, and depicted on **Exhibit A** hereto ("Lands"):

Township 13 South, Range 6 East, S.L.B. & M.

Section 1: North of Winter Quarters Creek.

Township 13 South, Range 7 East, S.L.B. & M.

Section 6: North of Winter Quarters Creek, excluding NE/4, NE/4.

Township 12, South, Range 6 East, S.L.B. & M.

Section 25: E/2 E/2;

Section 26: SE/4;

Section 35: E/2;

Section 36: All.

Township 12 South, Range 7 East, S.L.B. & M.

Section 30: SW/4, W/2NW/4, SE/4NW/4, W/2SE/4;

Section 31: SW/4, NW/4, SW/4SE/4, NW/4NE/4.

WHEREAS, Ark proposes to mine coal by underground mining methods under portions of the Lands and under adjacent lands.

WHEREAS, Ark requires access to and use of the Lands for exploration, monitoring and development activities relating to operation of Ark's Skyline Mine.

WHEREAS, Owner is willing to grant Ark use of and access to the Lands subject to the terms and conditions of this Surface Agreement.

NOW THEREFORE, for and in consideration of the mutual benefits derived by the parties as set forth herein, and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

1. Grant of Easement and License. Owner hereby grants to Ark, for the benefit of Ark and of Ark's affiliate Canyon Fuel Company, L.L.C., a non-exclusive easement on, over and

across, and a non-exclusive license to occupy, use and impact, the Lands for the following purposes (collectively, "Easement"):

- a. Conduct (i) subsidence and soil and water sampling and raptor, wildlife and other environmental studies, (ii) exploration drilling and analyses of subsurface conditions by all reasonable means; and (iii) land surveying and monitoring of springs and seeps as required by applicable law and applicable permits;
- b. Place or install minor mechanical instruments such as geophones, geo-seismic lines and the like to monitor underground, mine-related activities and results; drill production and exploration holes; place and relocate temporary waterlines; and place surface facilities to develop, vent or remove coal bed methane gas;
- c. Subside the surface of the Lands through permitted coal mining activities; and
- d. Entry and access to and ingress and egress upon, over, and across the Lands using the existing roads for access to and over lands subject to Ark's Winter Quarters Coal Lease to transport men and equipment and to conduct such other activities on the Lands as expressly permitted under this Surface Agreement, together with the right to maintain, improve and upgrade the existing roads as may be reasonable, necessary and consistent with the rights granted under this Surface Agreement.

2. Conditions to Use of the Lands.

- a. Ark shall ensure that its employees, agents, representatives, invitees, licensees, contractors and subcontractors ("Ark Parties") who enter onto the Lands shall comply with Ark's obligations under the terms of this Surface Agreement. Ark shall be liable for any and all breaches of the terms of this Surface Agreement by Ark Parties.
- b. Motor vehicles shall be operated only on existing roads, unless Owner gives prior written consent to use of motor vehicles off the existing roads. If motor vehicles are approved for operation off the existing roads, Ark shall promptly revegetate and reclaim any disturbed areas to Owner's satisfaction. While being utilized by Ark, existing roads shall be maintained and left in good condition. Ark shall not be responsible for road maintenance during periods when it is not actively utilizing roads
- c. Ark shall insure that the speed of all vehicles shall be kept to a reasonable rate and shall insure reasonable precautions to avoid any damage, other than normal wear and tear to gates, bridges, roads, culverts, cattle guards, fences, or other structures. Ark and Ark Parties shall keep gates closed. Ark shall be responsible at its sole cost and expense for immediately repairing or replacing any fence, gate, bridge, road, culvert, cattle guard, fence, or other structure damaged by Ark or Ark's Parties.
- d. Ark shall not improve or upgrade the existing roads without Owner's prior written approval. If Ark proposes to upgrade the existing roads with Owner's written approval, improvements shall be built, at Ark's sole cost, to customary and acceptable standards and in accordance with sound engineering practices for grade and drainage control using culverts and/or

ditches where appropriate or where specifically requested by Owner. All engineering, construction and maintenance costs incurred by Ark in connection with this Surface Agreement shall be the sole responsibility of Ark. Ark shall not permit any liens or encumbrances to attach to or remain upon the Lands as a result of activities by Ark or Ark's Parties.

e. Any surface facility specified in Section 1(b) will be located by agreement of the Owner and Ark.

f. This Surface Agreement does not guarantee surface access to adjacent private lands. Surface agreements with adjacent private landowners do not guarantee access to their lands through Owner's land.

g. Ark shall be solely responsible for posting all necessary bonds and obtaining and maintaining all necessary federal, state, and local filings, permits and other authorizations.

h. No Ark person or Ark Party who is on the Lands shall be permitted to carry firearms, engage in recreational pursuits, including hunting and fishing, or permit dogs or other domestic pets on the Lands.

i. During hunting seasons that pertain to the Lands, Ark personnel and contractors shall use reasonable efforts to coordinate activities with Owner or its designee. A yearly meeting will be held between Ark and Owner or its designee prior to conducting any activities that might interfere with hunting.

j. Ark shall at all times use the Lands in a reasonable and prudent manner so as to prevent damage to the Lands. Ark shall not commit or knowingly allow another to commit any waste or nuisance upon the Lands. Ark shall not destroy, deface or damage any part of the improvements, if any, or knowingly permit any other person to do so.

k. All rights to use the Lands not specifically conferred upon and granted to Ark are retained by Owner.

l. Ark, its employees and all Ark Parties shall conduct all activities and operations under this Surface Agreement on the Lands in compliance with all applicable federal, state and local laws, rules, regulations and ordinances, and all Ark safety and health rules and procedures, including without limitation, where necessary, safety training procedures.

3. Owner Reservation. Owner excepts and reserves unto itself the right to freely use the Lands for all purposes and in a manner that does not unreasonably interfere with the activities of Ark or Ark Parties conducted pursuant to this Surface Agreement.

4. Title. Owner makes no representation or warranty, express or implied, as to title to the Lands. The grant to Ark for access to and use of the Lands is subject to all rights, easements, conveyances, rights of way, deeds, contracts, and agreements heretofore granted or made by Owner or any of its predecessors in title, and any and all possessory rights, exceptions and reservations, which may pertain to or affect the Lands which appear of record or which may be discovered through an inspection of the Lands.

5. Term

a. Subject to the other provisions herein, this Surface Agreement shall remain in effect for a primary term of five (5) years from the Effective Date ("Primary Term"). Ark shall have and is hereby granted the right and option, but not the obligation, to automatically extend the Primary Term of this Surface Agreement, or any portion thereof then in force, for consecutive extended terms of five (5) years (each, an "Extended Term") each upon ninety (90) days prior written notice to Owner of Ark's election to extend the Surface Agreement for an extended 5-year period and timely and proper payment of Rentals as required by Section 6, provided, however, that in no event shall this Surface Agreement remain in effect for more than twenty (20) years from the Effective Date.

b. Notwithstanding the expiration or termination of this Surface Agreement, Ark shall have the right to continue to access the Lands for the purpose of fulfilling Ark's reclamation obligations as to the Lands, or to fulfill any other obligations that have arisen hereunder.

c. Ark shall, within 180 days after the expiration or termination of this Surface Agreement as to all or any part of the Lands, remove or cause to be removed from the Lands (or that part of the Lands subject to termination) all of Ark's mining equipment, personal property, fixtures, facilities or any other improvements located upon the Land. If Ark does not so remove all property, then Owner shall have the right to remove and dispose of such property (without any accountability to Ark for the value thereof). Owner shall be entitled to reimbursement from Ark for all of Ark's costs and expenses in removing and disposing of said property.

6. Consideration

a. Upon execution of this Surface Agreement, Ark shall pay Owner a signing bonus in the amount of \$3,000 ("Bonus").

b. Ark shall pay Owner an annual rental ("Rental") on or before each annual anniversary date during the Primary Term, and for each annual anniversary date during any Extended Term thereafter. The Rental fee for each year during the Primary Term shall be Three Thousand Dollars (\$3,000). Ark shall pay Owner the first year Rental for the Primary Term upon execution of this Surface Agreement (which shall be in addition to the Bonus). The Rental fee shall increase by twenty percent (20%) at the beginning and for the duration of each 5-year Extended Term (e.g. Rental for the first Extended Term shall be \$3600; and Rental for the second Extended Term shall be \$4320).

c. In addition to the Rental, Ark shall pay Owner a fee of \$1,000 for each production or exploration drilling site, and methane pump used on the Lands ("Surface Site") during the term of this Surface Agreement. The Surface Site payment shall represent payment for all production, exploration drilling and use activities conducted in conjunction with a Surface Site and no additional payment shall be required for each Surface Site. The payment for a Surface Site shall be made to Owner within one hundred and twenty (120) days after commencing actual surface disturbance activities on the Lands to construct the Surface Site. A long term installation, such as a vent shaft, will be negotiated under a separate lease agreement.

7. Damage to Property.

a. Ark shall repair or replace any improvements located on the Lands as of the Effective Date damaged or destroyed as a result of Ark's activities on or use of the Lands pursuant to this Surface Agreement and shall restore and reclaim any part of the Lands affected by its activities in full compliance with all federal, state and local laws, rules and regulations, Ark's approved mining permit and Ark's surface use agreements.

b. Ark shall notify Owner prior to undertaking any proposed exploration drilling surface activity on the Lands. Ark shall not conduct road or drill pad construction until proposed locations have been reviewed with Owner. All exploration drilling surface disturbances shall be reclaimed in conformance with approved drilling permit standards.

8. Indemnification. Ark covenants and agrees to indemnify and hold Owner, its members and beneficiaries harmless against all liabilities, demands, liens, claims, and suits of any kind or nature, together with all costs and expenses, including attorney fees, which arise out of (i) Ark's activities conducted on, under or affecting the Lands, or (ii) Ark's breach of a material obligation under this Surface Agreement. The indemnification obligations of Ark set forth in this Section 8 shall survive termination of this Surface Agreement.

9. Insurance.

a. Ark shall provide and maintain in full force and effect during the entire term of this Surface Agreement the following types and amounts of insurance with insurance companies satisfactory to Owner:

(1) Workers' Compensation Insurance, in accordance with the laws of the State of Utah and Employers' Liability Insurance in the limit of not less than \$1,000,000 per person and \$1,000,000 per accident;

(2) Comprehensive General Liability Insurance of not less than \$1,000,000 applicable to bodily injury, sickness or death in any one occurrence; and \$1,000,000 for loss of or damage to property in any one occurrence;

(3) Automobile Liability Insurance covering owned, un-owned and hired vehicles used by Ark with limits of not less than \$1,000,000 for bodily injury and property damage claims; and

(4) Excess or Umbrella Liability, inclusive of above limits, with limits of not less than \$5,000,000 Combined Single Limit.

b. Owner shall be named as additional insured in each of Ark's policies, except Workers' Compensation. At Owner's request, prior to Ark or its contractors entering the Lands, Ark shall furnish certificates of insurance evidencing the insurance required hereunder. Each certificate shall provide that a minimum of thirty (30) days prior written notice shall be given Owner in the event of cancellation or material change in the policies. All policies shall be

endorsed to provide that there will be no recourse against Owner for payment of premium. Upon request, Owner may examine true copies of the policies.

10. Default.

a. If Ark fails to comply with any material provisions of this Surface Agreement relating to the Easement, and if Ark does not initiate and diligently pursue steps to correct the default within thirty (30) days after notice has been given to it by Owner specifying with particularity the nature of the default, then upon the expiration of the thirty (30) day period, Owner shall have the right to declare this Surface Agreement in default, provided, however, that the Easement rights of Ark under this Surface Agreement shall not terminate until such time as the declared default has been submitted to a court of law and a final, non-appealable order has been issued terminating this Surface Agreement based on the alleged default. The service of a default notice shall be a condition precedent to the bringing of any action by Owner on this Surface Agreement for such default, and no such action shall be brought with respect to such default until the lapse of thirty (30) days after service of such notice. The doing of any acts by Ark reasonably sufficient to cure all or any of the alleged breaches or defaults shall not be deemed an admission or presumption that Ark has failed to perform any or all of its obligations hereunder.

b. Any default claims with respect to the payment of money may be cured by the deposit in escrow of the amount in controversy (not including claimed damages) and giving of notice of the deposit to Owner, the amount to remain in escrow until the controversy is resolved by decision of a court or arbitrators or otherwise.

c. Ark may at any time terminate this Surface Agreement (as to all or part of the Lands) by delivering to Owner or by filing for record in the appropriate office (with a copy to Owner) a recordable surrender of this Surface Agreement (or a partial surrender describing that portion of the Lands as to which this Surface Agreement is surrendered). Upon mailing the surrender (or partial surrender) to Owner or to the appropriate office, all rights, liabilities, obligations of Ark under this Surface Agreement (with respect to the portion of the Lands as to which this Surface Agreement is terminated) shall terminate, except that (i) Ark shall have the rights provided herein to remove property and (ii) Ark shall have those liabilities for payment of Rentals, reclamation, and indemnification otherwise existing on the date of termination, and then accrued.

11. Miscellaneous.

a. Assignment. Ark shall not assign this Surface Agreement, or any rights herein without the prior written consent of Owner, provided, however, that Ark may transfer without consent this Surface Agreement and all rights, duties and obligations hereunder to an affiliate or to a business entity in which Ark participates or holds an interest, or upon the sale or transfer of all or substantially all of the assets constituting the Skyline Mine.

b. Notice. All notices provided for herein shall be deemed to have been duly given if and when personally delivered or if and when deposited in the United States mail,

certified, return receipt requested, properly stamped and addressed to the party for whom intended at the following addresses:

If to Owner:

Allred Family Trust
Attention: Phil Allred
P.O. Box 96
Fountain Green, Utah 84632

If to Ark:

Ark Land Company
Attention: President
One CityPlace Drive, Suite 300
St. Louis, Missouri 63141

Notification of any change of address shall be given in a like manner.

c. Successors and Assigns. This Surface Agreement shall inure to the benefit of and shall be binding upon Owner, Ark, and their respective successors, heirs and assigns.

d. Amendments. Any amendment or modification of this Surface Agreement shall be valid and binding only if such amendment or modification is in writing and is signed by the parties to this Surface Agreement.

e. Entire Agreement. This Surface Agreement constitutes the entire agreement of Owner and Ark with respect to the subject matter hereof and supersedes any and all prior or contemporaneous negotiations, agreements, representations and understandings of Owner and Ark. At the request of either Party, the Parties shall take such reasonable actions, and execute and deliver any further instruments, agreements, documents or other papers reasonably requested by either Party to effect the purposes of this Surface Agreement and the transactions contemplated hereby, in addition, without limitation, joinder to this Surface Agreement by other parties with ownership rights to the Lands.

f. Counterparts. This Surface Agreement may be executed in any number of counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one original.

g. Recordation. This parties shall execute and record a memorandum of this Surface Agreement in the public records in Carbon County, Utah.

h. Governing Law. This Surface Agreement shall be construed in accordance with and governed by the laws of the State of Utah.

IN WITNESS WHEREOF, the parties have caused this Surface Agreement to be signed and executed as of the Effective Date.

Allred Family Trust

By: Philip E. Allred
Title: Trustee

By: Tracy C. Bennett
Title: Trustee

Ark Land Company

By: Gregory Downing
Title: Vice Pres.

STATE OF UTAH)
COUNTY OF Was) SS

The foregoing instrument was acknowledged before me by Philip E. Reed
as Trustee of **Allred Family Trust**, on this 12 day of September, 2005.

Witness my hand and official seal.

Julie Ann Bliss
Notary Public

My Commission Expires: April 19, 2009



STATE OF UTAH)
COUNTY OF Was) SS

The foregoing instrument was acknowledged before me by Norm C. Brunson
as Trustee of **Allred Family Trust**, on this 12 day of September, 2005.

Witness my hand and official seal.

Julie Ann Bliss
Notary Public

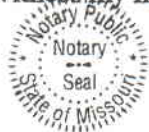
My Commission Expires: April 19, 2009



STATE OF MISSOURI)
COUNTY OF ST. LOUIS) SS

The foregoing instrument was acknowledged before me by Douglas D. Dwyer
as Vice President of **Ark Land Company** on this 20th day of September, 2005.

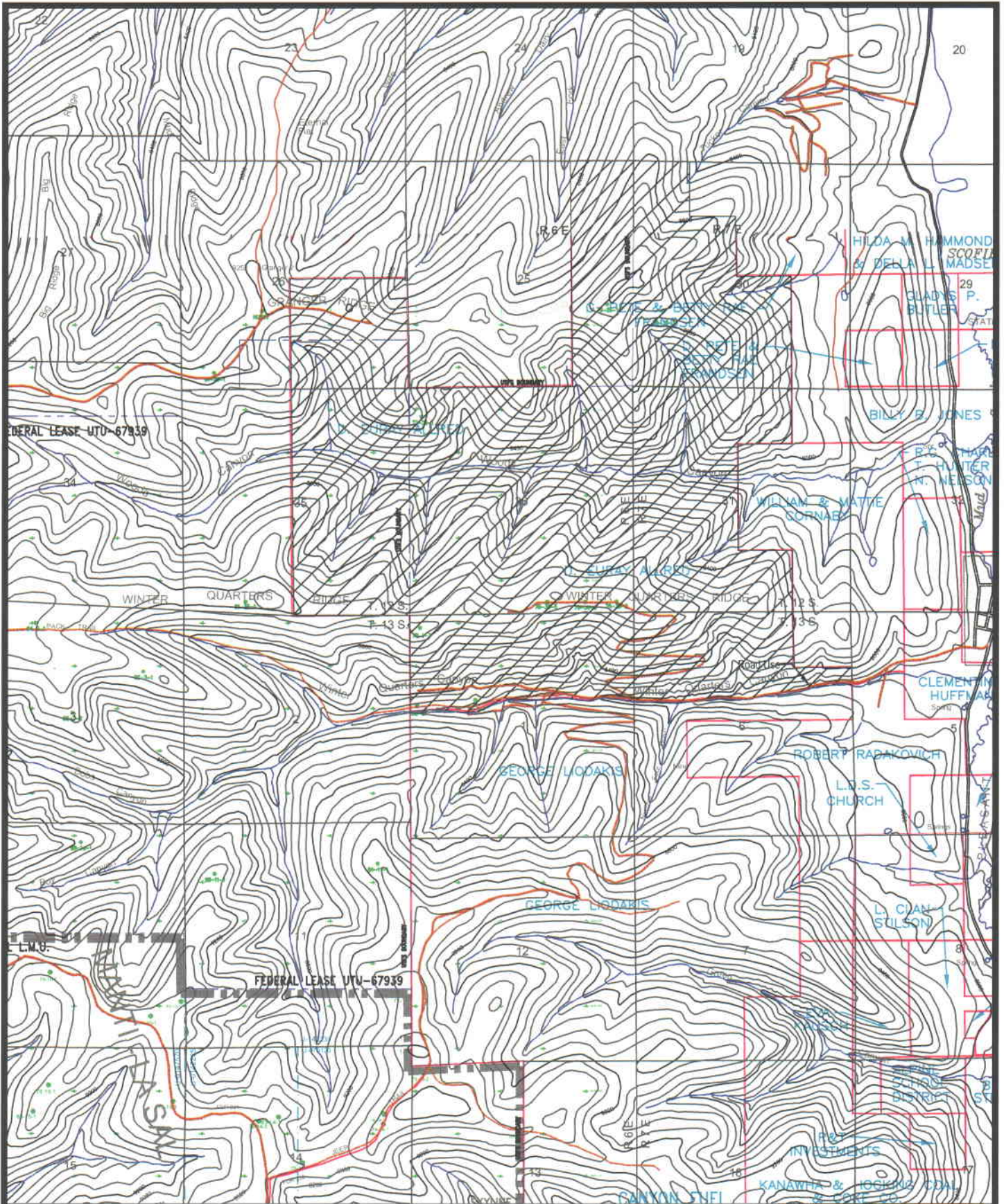
Witness my hand and official seal.



MARY C. HAMILTON
St. Louis City
My Commission Expires
September 14, 2007

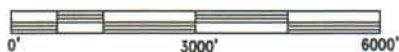
Mary C. Hamilton
Notary Public

My Commission Expires: September 14, 2007



Area Covered by Surface Access Agreement

EXHIBIT A



ARK LAND COMPANY
 SURFACE ACCESS AND USE
 AGREEMENT AREA

1"=3000'

APPENDIX D

CANYON FUEL FEE COAL LEASE

ASSIGNMENT OF COAL LEASE

This ASSIGNMENT OF COAL LEASE ("Assignment"), dated effective as of August ~~15~~ 2002 ("Effective Date") is by and between **EF Coal Resources Limited Partnership** a Colorado limited partnership, with principal offices at 385 Inverness Drive South, Suite 200, Englewood, Colorado 80112 ("Assignor") and **Energy Fuels Corporation** with principal offices at 385 Inverness Drive South, Suite 200, Englewood, Colorado 80112 ("Energy Fuels"), and **Canyon Fuel Company, L.L.C.**, a Delaware limited liability company, with principal offices at 6955 South Union Park Center, Suite 540, Midvale, Utah 84047 ("Assignee").

WHEREAS, Assignor is the current and sole lessee under and pursuant to that certain Lease and Agreement dated October 5, 1977, by and between Carbon County, a body corporate and politic of the State of Utah ("County"), and Murco Coal Company, filed for recording on November 10, 1977, recorded in Book 173 of Records at page 659 in the Offices of the Carbon County Recorder, Price, Utah, and as amended by the First Amendment dated January 27, 1988 ("Coal Lease"), covering and relating to lands situated in Carbon County, Utah, and more particularly described on **Exhibit A** hereto ("Lease Lands"), and,

WHEREAS, Assignor desires to assign to Assignee, and Assignee desires to obtain an assignment of, the Coal Lease subject to the terms and conditions of this Assignment;

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor hereby grants, sells, transfers and assigns unto Assignee, as of the Effective Date, all of Assignor's right, title and interest in and to the Coal Lease, together with all rights, privileges and benefits relating thereto, including, without limitation, Assignor's rights to advance rental credits that have accrued to Assignor under the Coal Lease; and

RESERVING unto Assignor an overriding production royalty equal to five percent (5%) of the value of coal produced from the Lease Lands and subject to the terms and conditions of this Assignment ("Overriding Production Royalty"); and further

SUBJECT to the exceptions, reservations, terms and conditions contained herein;

TO HAVE AND TO HOLD the Coal Lease, together with all and singular the rights and appurtenances thereto and anywise belonging unto Assignee, its successors, assigns and legal representatives, forever.

TERMS AND CONDITIONS

1. Advance Payments.

(a) Upon execution of this Assignment, Assignee shall pay to Assignor by wire transfer, certified check or other method acceptable to Assignor the amount of \$500,000 ("Initial Advance Payment"). Fifty percent (50%) of the Initial Advance Payment (\$250,000) shall be a credit against and recoupable by Assignee from all payments due as Overriding Production Royalty hereunder.

(b) On or before the fifth (5th) annual anniversary date (60 months) from the Effective Date of this Assignment, and annually thereafter on or before each anniversary date of this Assignment for so long as Assignee owns a leasehold interest in the Coal Lease sufficient to permit Assignor to mine and produce coal, Assignee shall pay to Assignor the amount of \$200,000 ("Annual Advance Royalty"). One hundred percent (100%) of the Annual Advance Royalty shall be a credit against and recoupable by Assignee from all payments due as Overriding Production Royalty hereunder.

2. Overriding Production Royalty.

(a) The parties adopt by reference the regulations set forth at 30 C.F.R., Part 206, Subpart F ("Federal Royalty Regulations") for purposes of determining the Overriding Production Royalty, including without limitation, determining the "value" of coal produced from the Lease Lands. Except as otherwise expressly provided herein, all calculations of the Overriding Production Royalty shall be made pursuant to the Federal Royalty Regulations and applicable Federal rules and regulations hereafter enacted or adopted.

(b) Overriding Production Royalty shall be due the final day of the month succeeding the calendar month in which coal produced from the Lease Lands is used, sold or otherwise finally disposed of. Assignee shall have a credit against Overriding Production Royalties that accrue under this Assignment and become due and payable to Assignor in the aggregate sum of fifty percent (50%) of the Initial Advance Payment (\$250,000) and one hundred percent (100%) of all Annual Advance Royalty payments made by Assignee hereunder ("Royalty Credit"). The Royalty Credit shall be cumulative and carried over from year to year until fully applied. No Overriding Production Royalty shall be payable except to the extent that Overriding Production Royalty payments which become payable exceed the Royalty Credit.

(c) Assignee shall keep a true and correct record of all coal mined, removed and sold from the Lease Lands. Assignee shall maintain accurate and complete accounting records in support of all Overriding Production Royalty paid with respect to coal production from the Lease Lands in accordance with the standard for Federal royalty as set out in the Federal Royalty Regulations, and generally recognized accounting principles and practices. Assignee shall provide Assignor with a monthly statement reporting the coal produced from the Lease Lands during the preceding month, the amount of the Overriding Production Royalty applicable to the produced coal and calculated pursuant to the Federal Royalty Regulations, and an accounting showing application of the Royalty Credit against accrued Overriding Production Royalties.

(d) Assignor shall have the right after a thirty (30)-day prior written notice to Assignee to examine, audit and reproduce the records, vouchers and their source documents which serve as the basis for Overriding Production Royalty payments. Audit findings may be contested by either party. In the event of a dispute over audit findings by one of the parties, the parties shall jointly appoint an independent accounting firm to conduct a joint audit ("Joint Audit"). The party requesting the audit shall be responsible for all costs and expenses to conduct the audit, provided that the parties shall jointly share the costs and expenses incurred to conduct one Joint Audit annually at the request of either party. The conclusions of the independent accounting firm shall be binding on the parties.

(e) After coal from the Lease Lands has been measured by any manner as will permit the computation of the Overriding Production Royalty, Assignee may commingle the same with coal from lands other than the Lease Lands. Assignee shall have the right at any time to form an operating mining unit of such size and shape as Assignee may elect for the production of coal and to include the Lease Lands in such mining unit when in Assignee's judgment it is desirable to do so.

3. Lesser Interest. If Assignor owns a lesser interest in the Coal Lease than the entire and undivided leasehold estate or if the Coal Lease covers less than the entire coal estate in the Lease Lands, then the Initial Advance Payment and Annual Advance Royalty payments shall be paid to Assignor only in the proportion which its interest bears to the whole and undivided leasehold estate in the Coal Lease or in the proportion which the coal estate covered by the Coal Lease bears to the whole and undivided coal estate in the Lease Lands. If Assignee intends to assert that Assignor owns a lesser interest, Assignee shall provide to Assignor, in writing, an analysis of the basis for Assignee's conclusions at least 30 days prior to Assignee's taking any action with respect to such intention. In the event Assignor's ownership interest is determined to be less than the entire leasehold interest in and to the Coal Lease or the coal estate covered by the Coal Lease is determined to cover less than the entire coal estate in the Lease Lands, then Assignor shall reimburse Assignee for such portion of the Initial Advance Payment and Annual Advance Royalty payments paid in excess of Assignor's actual ownership interest in the Coal Lease or in excess of the actual coal estate covered by the Coal Lease.

4. No Covenant to Develop or Produce. Assignor and Assignee agree that there are no implied covenants or conditions whatsoever in this Assignment relating to the exploration, development, mining or production of the Lease Lands for coal or any other mineral or substance which may be covered hereby, it being expressly agreed that Assignee shall have the sole and exclusive right to determine the amount of mining to be conducted on or in connection with the Lease Lands. Assignee shall have the exclusive right to commence or shut down production without breaching this Assignment so long as any payments due to Assignor hereunder are properly made. Assignor expressly acknowledges and understands that no mining of coal or other minerals may occur from the Lease Lands and without such mining Assignor will not receive payment of Overriding Production Royalties and that the Initial Advance Payment and payments of the Annual Advance Royalty constitute full, reasonable, fair and adequate consideration for the rights granted to Assignee by Assignor.

5. Representations and Warranties. Assignor represents and warrants to Assignee that:

(a) Assignor is the sole owner of the Coal Lease, and has not assigned, transferred, encumbered or pledged any interest in, to or affecting the Coal Lease.

(b) The Coal Lease is in full force and effect and is enforceable in accordance with its terms, and the leasehold or other rights it purports to grant is free and clear of all liens, security interests, restrictions, covenants, claims, charges or other encumbrances by, through and under Assignor or Energy Fuels, or their respective affiliates, partners or subsidiaries.

(c) Assignor is not in default, in any material respect, under the Coal Lease and no event has occurred which, with the lapse of time or the giving of notice, or both, would constitute such a default.

(d) The Coal Lease has been held and operated in compliance with applicable law.

(e) Upon execution of this Assignment, Assignee shall have full title to and all benefits under the Coal Lease.

(f) Notwithstanding the foregoing, Assignor and Assignee acknowledge that the parties have been unable to determine that all annual rental payments due under the Coal Lease have been properly paid. If the County later asserts that such a payment has not been paid, Assignor shall promptly make such payment and upon making such payment shall be deemed not to have breached any representation or warranty under this Assignment. In addition, Assignor's liability for breach of any representation or warranty under this Assignment shall be limited to Assignee's actual damages resulting from such breach, not to exceed the total amount of payments made by Assignee to Assignor hereunder.

6. Assumption and Indemnification.

(a) Assignee hereby assumes, and agrees to pay, perform and discharge, all obligations under the Coal Lease arising from and after the Effective Date and shall indemnify and hold Assignor harmless from and against any and all claims, damages, obligations, penalties, expenses, costs and fees (including reasonable attorneys' fees) arising out of or relating to Assignee's ownership or operation of the Lease Lands after the Effective Date.

(b) Assignor hereby retains all obligations under the Coal Lease incurred prior to the Effective Date and shall indemnify and hold Assignee harmless from and against any and all claims, damages, obligations, penalties, expenses, costs and fees (including reasonable attorneys' fees) arising out of or relating to Assignor's ownership or operation of the Lease Lands prior to the Effective Date.

7. Termination or Assignment. Assignee at its sole discretion and without any obligation or liability to Assignor may at any time terminate the Coal Lease or surrender part of the Lease Lands, provided that Assignee first offers to Assignor for no consideration the right to reassignment of the Coal Lease or part to be surrendered, in which case, Assignor shall have 30 days to accept reassignment. Upon termination of the Coal Lease for any reason or assignment of the Coal Lease, Assignee shall have no further contractual obligation to make Annual Advance Royalty payments or Overriding Production Royalty payments to Assignor after the date of termination or assignment except for payments that are then due and payable as of the time of termination or assignment.

8. Notices. All notices and other required communications ("Notices") to the parties to this Assignment shall be in writing, and shall be addressed respectively as follows:

Assignor: EF Coal Resources Limited Partnership
Attn: Executive Vice President
385 Inverness Drive South, Suite 200
Englewood, CO 80112

With a copy to:

Energy Fuels Corporation
Attention: President
2145 Resort Drive, Suite 208
P.O. Box 773457
Steamboat Springs, CO 80477

Assignee: Canyon Fuel Company
Attn: Richard D. Pick, President
6955 South Union Park Center, Suite 540
Midvale, UT 84047

With a copy to:

Ark Land Company
Attn: Doug Downing
One CityPlace Drive, Suite 300
St. Louis, MO 63141

Notices shall be given (a) by personal delivery to the other party, or (b) by electronic communication, with a confirmation sent by registered or certified mail, return receipt requested, or (c) by registered or certified mail, return receipt requested. All Notices shall be effective and shall be deemed delivered (a) if by personal delivery on the date of delivery if delivered during normal business hours, and, if not delivered during normal business hours, on the next business day following deliver, (b) if by electronic communication on the next business day following receipt of the electronic communication, and (c) if solely by mail three (3) business days after mailing. A party may change its address by Notice to the other party.

9. Miscellaneous Provisions.

(a) Assignor shall provide Assignee with copies of or access to records evidencing Assignor's past payments to Carbon County under the Coal Lease, and shall use its commercially reasonable efforts to assist Assignee in verifying and obtaining the beneficial use of the total value of advance rental credits paid to Carbon County by Assignor, Energy Fuels, or their respective affiliates, partners or subsidiaries.

(b) The parties shall execute and deliver any such instruments, agreements, documents, permits or applications, or other documents reasonably required for the purposes of this Assignment, and shall do such other acts as may be reasonably requested to effect the purposes of this Assignment.

(c) This Assignment shall be governed by and interpreted in accordance with the laws of the State of Utah without regard to the conflict of laws provisions thereof.

(d) This Assignment shall not be recorded in its entirety, but either party may prepare and record a notice of this Assignment in the records of the Carbon County Recorder, which notice shall be sufficient to impart notice to third parties of the key provisions of this Assignment.

(e) This Assignment shall not be effective until the consent of the County shall have been received by Assignor in a form reasonably satisfactory to Assignor.

(f) Assignee shall provide to Assignor photocopies of all production reports and other correspondence given by Assignee to County, including evidence of payment of annual rentals under the Coal Lease and any extensions of the Coal Lease, and of all notices or other material correspondence received by Assignee from County.

(g) Assignor, Energy Fuels and Assignee shall take such actions and execute and deliver any such additional instruments or other documents as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Assignment, including without limitation, such title curative instruments as may be necessary to clarify or confirm Assignee's record title interest in and to the Coal Lease.

10. Successors and Assigns. The rights and obligations of the parties hereunder may be assigned in whole or in part and the provisions hereof shall inure to the benefit of and be binding upon Assignor and Assignee and their respective successors, legal representatives and assigns. No change or division in the ownership of the Annual Advance Royalty or the Overriding Production Royalty shall operate to enlarge the obligations or diminish the rights of Assignee under this Assignment, and no transfer or assignment by Assignor shall be binding upon Assignee for any purpose until ten (10) days after Assignee has been furnished with an instrument or a certified copy thereof evidencing the transfer or assignment. No assignment by Assignee shall relieve Assignee of the obligation to make Annual Advance Royalty payments or Overriding Production Royalty payments to Assignor that are due and payable as of the time of assignment.


[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Assignor and Assignee have executed and acknowledged this Assignment as of the Effective Date.


**EF Coal Resources Limited
Partnership, a Colorado limited
partnership**

**By: EF Coal Company, a Colorado
corporation**

Its General Partner

By: 
Rich A. Munson
Executive Vice President

Energy Fuels Corporation

By: 
Rich A. Munson
Executive Vice President

Canyon Fuel Company, L.L.C.

By: 
Its: PRESIDENT

State of Utah)
County of Salt Lake) SS

The foregoing instrument was acknowledged before me by Richard D. Pick as President of Canyon Fuel Company, on this 10th day of August, 2002.

Melissa Wood
NOTARY PUBLIC

State of Utah)
County of Salt Lake) SS

The foregoing instrument was acknowledged before me by Rich A. Munsun as Executive Vice President of EF Coal Company as General Partners of EF Coal Resources Limited Partnership, on this 10th day of August, 2002.

Melissa Wood
NOTARY PUBLIC

State of Utah)
County of Salt Lake) SS

The foregoing instrument was acknowledged before me by Rich A. Munsun as Executive Vice President of Energy Fuels Corporation, on this 10th day of August, 2002.

Melissa Wood
NOTARY PUBLIC

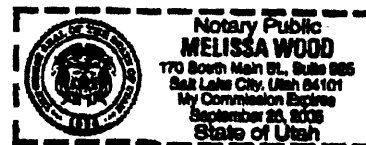
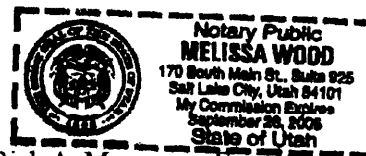
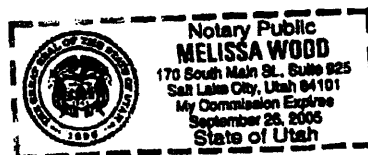


Exhibit "A"
to
Assignment of Coal Lease

LEASE LANDS

Township 12 South, Range 6 East, SLB&M

Section 24: E1/2SE1/4

Section 25: E1/2E1/2

Section 36: N1/2N1/2; S1/2S1/2

Township 12 South, Range 7 East, SLB&M

Section 30: SW1/4

Section 31: NW1/4NW1/4; SE1/4SW1/4

Township 13 South, Range 6 East, SLB&M

Section 1: W1/2

Section 12: NW1/4NW1/4; SW1/4SW1/4

Total Acreage Twelve Hundred (1200) Acres More or Less.

DORSEY & WHITNEY LLP

MINNEAPOLIS
NEW YORK
SEATTLE
DENVER
WASHINGTON, D.C.
NORTHERN VIRGINIA
DES MOINES
LONDON
ANCHORAGE
SALT LAKE CITY

WELLS FARGO PLAZA
170 SOUTH MAIN STREET, 9TH FLOOR
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FAX COVER SHEET

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DATE: **August 8, 2002** TOTAL # OF PAGES (INCLUDING THIS COVER SHEET): **10**

TO: **Douglas M. Downing** FAX #: **(314) 994-2940**
FIRM NAME: **Arch Coal** TELEPHONE #: **(314) 994-2954**

FROM: **William B. Prince** FAX #: **(801) 933-7373**
TELEPHONE #: **(801) 933-7370** EMAIL: **prince.william@dorseylaw.com**

COMMENTS:

Originator's Signature

Original will be sent via: ☐ Mail ☐ Messenger ☐ Air Courier ☒ Will not be sent

PLEASE CONTACT MELISSA WOOD AT (801) 933-8913 IF THIS TRANSMISSION IS INCOMPLETE OR CANNOT BE READ.

Reference# 446630-05

APPENDIX E

TEMPORARY WATER CHANGE
UTAH STATE ENGINEER



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

Division of Water Rights

MICHAEL R. STYLER
Executive Director

JERRY D. OLDS
State Engineer/Division Director

ORDER OF THE STATE ENGINEER

For Temporary Change Application Number 91-5010 (t32943)

Temporary Change Application Number 91-5010 (t32943) in the names of Price River Water User's Association, and Canyon Fuel Company LLC was filed on May 3, 2007, to change the points of diversion, place of use and add an additional use(s) of 3.00 acre-feet of water as evidenced by Water Right Number 91-5010. Heretofore, the water has been diverted from the following points located: (1) Existing Well - North 615 feet and West 200 feet from the S $\frac{1}{4}$ Corner of Section 13, T13S, R6E, SLB&M; (2) Existing Well - North 330 feet and West 1020 feet from the SE Corner of Section 13, T13S, R6E, SLB&M (8-inch well, 1050 feet deep); (3) Existing Well - South 70 feet and West 370 feet from the NE Corner of Section 24, T13S, R6E, SLB&M (existing 8-inch well, 258 feet deep); (4) Well - North 390 feet and East 1730 feet from the SW Corner of Section 17, T13S, R7E, SLB&M (existing 6-inch well, 200 feet deep). The water was stored in the following reservoir: Mine Portal Sediment Pond - from January 1 to December 31, having a capacity of 6.52 acre-feet in an excavated storage pool, and inundating 0.64 acre in all or portion(s) of Section 13, T13S, R6E, SLB&M. The water was used for mining purposes, and for industrial purposes (Uses associated with the operation of the Skyline Mines.). The water was used in all or portion(s) of Section 13, T13S, R6E, SLB&M; and Section 17, T13S, R7E, SLB&M.

Hereafter, it is proposed to divert 3.00 acre-feet of water from an existing well located North 330 feet and West 1020 feet from the SE Corner of Section 13, T13S, R6E, SLB&M; The nature of use of the water is the same as heretofore but, in addition, the following use(s) are being added: The water is to be used for exploratory drilling. The place of use of the water is being changed to all or portion(s) of Sections 34, 35, T12S, R6E, SLB&M.

Notice of this temporary change application was not published in a newspaper. It is the opinion of the State Engineer that it meets the criteria of Section 73-3-3 of the Utah Code for the approval of temporary change applications.

It is, therefore, **ORDERED** and Temporary Change Application Number 91-5010 (t32943) is hereby **APPROVED** subject to prior rights and in accordance with the current appropriation policy guidelines for the Colorado River Drainage, adopted March 7, 1990, and according to the following conditions:

- 1) No more water may be diverted during the use period than is represented by the stock in the Price River Water User's Association or the equivalent that is approved by the Association in times of shortage.

ORDER OF THE STATE ENGINEER
Temporary Change Application Number
91-5010 (t32943)
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- 2) Installation of totalizing water meter(s) at the expense of the applicants will be required on each of the developed sources before any water is diverted. Water meter(s) shall be available to the Price River commissioner for examination at all reasonable times.
- 3) The water being changed shall be regulated by the Price River Commissioner at the expense of the applicants.
- 4) Continued ownership of the stock certificates, which is the basis for the change, shall be required in order to maintain this application.
- 5) No change of point of diversion or place of use of that water covered by this change application shall be made without first obtaining the approval of the State Engineer.

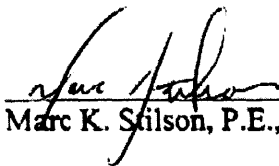
This temporary change application shall expire one year from the date hereof.

It is the applicants' responsibility to maintain a current address with this office and to update ownership of their water right. Please notify this office immediately of any change of address or for assistance in updating ownership.

Your contact with this office, should you need it, is with the Southeastern Regional Office. The telephone number is 435-637-1303.

This Order is subject to the provisions of Administrative Rule R655-6-17 of the Division of Water Rights and to Sections 63-46b-13 and 73-3-14 of the Utah Code which provide for filing either a Request for Reconsideration with the State Engineer or an appeal with the appropriate District Court. A Request for Reconsideration must be filed with the State Engineer within 20 days of the date of this Order. However, a Request for Reconsideration is not a prerequisite to filing a court appeal. A court appeal must be filed within 30 days after the date of this Order, or if a Request for Reconsideration has been filed, within 30 days after the date the Request for Reconsideration is denied. A Request for Reconsideration is considered denied when no action is taken 20 days after the Request is filed.

Dated this 14 day of May, 2007.



Marc K. Stilson, P.E., Regional Engineer

Mailed a copy of the foregoing Order this 14 day of May, 2007 to:

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Price River Water User's Association
375 South Carbon Avenue A-10
Price, Utah 84501
Price UT 84501-2402

Canyon Fuel Company LLC
Attn: Mark Bunnell
HC 35 Box 380
Helper, UT 84526